



USDA Rural Development - OREGON

## Energy Programs

### Rural Energy for America Program (REAP)

### Renewable Energy Grants for Farms and Rural Businesses

**Grants for renewable energy projects—wind, solar, biomass, biofuels, micro-hydro, geothermal and anaerobic digesters.**

The Renewable Energy for America Program (REAP) provides grants and loan guarantees to rural small businesses and agricultural producers for up to 25 percent of the cost to purchase and install renewable energy generation systems. Energy efficiency projects which are discussed in a separate information sheet are also eligible for assistance under this program.

#### Eligible applicants

**Rural small businesses** – Rural means the project is not located in a Census-defined Metropolitan Statistical Area (MSA) (i.e., outside the Portland, Salem, Eugene, Medford, and Bend metro areas). Small is defined by the Small Business Administration (SBA) and depends on business type. For most businesses, this means < 500 employees and revenue < \$6.5 million. SBA defines small power generators as producing < 4 million MW-hrs/year and small biofuel manufacturers as having < 1,000 employees.

**Agricultural producers** (including nurseries and dairies) – These are individuals or business entities receiving at least 50 percent of their gross income from agriculture. (The “small” and “rural” limitations do not apply to agricultural producers.)

Preference is given to very small businesses, which are those with < 15 employees and < \$1 million in annual receipts. The applicant must have a demonstrable financial need for the grant assistance.

Nonprofits and public projects are not eligible for this program.

#### Eligible purposes

REAP grant funds may be used for the purchase and installation of a renewable energy generating system in a

rural location. Eligible renewable energy generation systems may be:

1. **Biomass, bio-energy** – producing fuel (e.g., biodiesel, ethanol), thermal energy, or electric power from a biomass source (crops, trees, wood, plants and their residues and fats, oils and greases, but excluding animal waste, paper, and unsegregated solid waste)
2. **Biomass, anaerobic digesters** – producing thermal energy or electric power via anaerobic digestion using animal waste and other organic substrates
3. **Geothermal, electric generation** – producing electric power from the thermal potential of a geothermal source
4. **Geothermal, direct use** – producing thermal energy directly from a geothermal source
5. **Hydrogen** – renewable energy systems using hydrogen as an energy transport medium
6. **Solar, small** – electric projects with rated power ≤ 10 kW; thermal projects with rated storage ≤ 240 gallons
7. **Solar, large** – electric projects with rated power >10 kW; thermal projects with rated storage >240 gallons
8. **Wind, small** – systems with a ≤ 100 kW-rated wind turbine and with a generator hub height of ≤ 120 feet
9. **Wind, large** – systems with a >100 kW-rated wind turbine
10. **Hydroelectric** – electric power from micro-hydro projects
11. **Ocean** – energy generation from tidal, wave, current and thermal sources – but not for research and development
12. **E85 and biodiesel blender pumps** – renewable fuel dispensing systems; pumps and tanks

Strong preference is given for technology that is **commercially available**, i.e., that has a proven operating history and has an established design, installation, and service industry. **Pre-commercial technologies**, i.e., those that have emerged through the research and development process and have commercial potential, may qualify but require substantially more documentation. Experimental or research and development projects are not eligible.

The applicant must own and control the system, though a qualified third-party may be engaged to operate it.

### Authorized uses

- **Renewable energy machinery and equipment:** Funds may be used for the purchase and installation (including reimbursement for these costs only if the costs were incurred after submitting your application).
- **Renewable energy real estate improvements:** Funds may be used for materials and construction (including reimbursement for these costs only if the costs were incurred after submitting your application).
- **Feasibility studies, technical/engineering reports, permits, professional fees, & business plans** (including reimbursement for such costs whether incurred before or after application date)

### Additional requirements

**Matching funds:** Non-federal funds must cover at least 75 percent of the total project cost.

**Feasibility study:** A detailed, project-specific study by an independent consultant is required on projects costing > \$200,000.

**Technical report:** A detailed, project-specific report, including engineering drawings and process flow charts, by a professional engineer (PE) is required. (Projects costing < \$200,000 may be exempt from the PE requirement.)

**Established market for energy to be generated:** Projects to be interconnected with an electric utility must have an interconnection agreement (or letter of intent) or power purchase agreement at the time of application.

**Interim financing:** Grant funds are typically disbursed after the project is complete, tested, and certified operational, so the applicant may need to secure interim financing to pay upfront costs.

### Application process

Applications are accepted year-round. Grants are awarded annually via a competition among applications received by the application deadline, which usually occurs in late winter or early spring.

**Simplified applications** are allowed for projects seeking ≤ \$50,000 in REAP grant support, that have a total project cost ≤ \$200,000, and that propose to use commercially available technologies.

### Priority Point System

REAP applications are competitively chosen for funding based on the following weighted selection criteria (shaded points are awarded by independent technical review committees; other points are awarded by USDA).

Max Points	Grant selection criteria
15	Energy replaced, saved, or generated (Up to 15 pts for net-metered; 10 pts for generation projects)
10	Environmental benefits – the project helps meet state environmental goals (true for Oregon)
10	Commercial availability of the system (max points for improvements with a 5+ year warranty)
10% of 35pts	Technical merit score – qualifications of the project team
5% of 35pts	Technical merit score – agreements & permits
10% of 35pts	Technical merit score – energy or resource assessment
30% of 35pts	Technical merit score – design & engineering
5% of 35pts	Technical merit score – project development schedule
20% of 35pts	Technical merit score – financial feasibility
5% of 35pts	Technical merit score – equipment procurement
5% of 35pts	Technical merit score – equipment installation
5% of 35pts	Technical merit score – operations & maintenance
5% of 35pts	Technical merit score – decommissioning
15	Readiness (max points if all other funding sources have already given written commitment)
10	“Smallness” of applicant (max points if <\$1 MM gross revenue for business, <\$200,000 for farms)
5	“Small” project (i.e., ≤ \$50,000 grant & ≤ \$200,000 project) using simplified application
5	No previous REAP award to applicant within last 2 years
15	Time for project to repay cost of investment (max points if simple payback in < 10 years)
10	USDA points for under-represented technologies, flex fuels, & geographic diversity

### Oregon REAP contacts

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